

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR)
APPROVAL OF MODIFICATIONS TO ITS GAS) PSC DOCKET NO. 18-1049
COST RATES)
(FILED AUGUST 24, 2018))

ORDER NO. 9427

AND NOW, this 16th day of July, 2019, the Delaware Public Service Commission (“Commission”) determines and orders the following:

WHEREAS, on August 24, 2018, Delmarva Power & Light Company (“Delmarva” or “the Company”) filed with the Commission the above-captioned application (the “Application”) seeking approval to change its Gas Cost Rates (“GCR”) effective for usage on or after November 1, 2018, with proration, as follows: (1) revise the GCR demand and commodity charge applicable to Service Classifications MVG and LVG; (2) revise the volumetrically applied GCR factors applicable to Service Classifications RG, GG, GL, and non-electing MVG; (3) approve the proposed Balancing Charge and Pressure Support Fee for the November 2018 – October 2019 GCR period; and (4) approve changes to Tariff Leaf Nos. 37, 37a, 38, 39, 53, and 55 of the Company’s tariff to become effective on November 1, 2018; and

WHEREAS, by Order No. 9273 dated September 25, 2018, the Commission determined, pursuant to 26 *Del. C.* §§304 and 306, that the proposed GCR modifications should be permitted to become effective for usage on and after November 1, 2018, with proration and subject to refund, pending further review and final decision by the Commission; and;

WHEREAS, Section XX D of the Company's natural gas tariff requires that if, during a GCR year, a projected under-recovery in the GCR should exceed a 6% threshold, Delmarva should apply for a change in its GCR; and

WHEREAS, Delmarva has informed Staff and the Division of the Public Advocate that the May 2019 projected deferral amount exceeds the 6% threshold amount set forth in Section XX D of the Company's tariff and is currently at 6.1%, or \$6.2 million; and

WHEREAS, Delmarva represents that increased pipeline demand and commodity costs are the most significant drivers of the projected under-recovery; and

WHEREAS, on June 28, 2019, Delmarva filed a letter application with the Commission (the "Letter Application") requesting a waiver of Section XX D of its tariff requiring it to request an interim GCR rate increase because, according to Delmarva, such a filing would not be in the best interests of Delmarva's customers for the following reasons:

1. An interim period modification of rates at this time would do little to reduce the size of the under-collection by the next GCR period (which begins on November 1, 2019).

a. The earliest the Company would be able to generate an application for refile of 2018-2019 GCR rates would be July 31, 2019, with a requested effective date of October 1, 2019. This additional filing and new rates would be only one month earlier than the required annual GCR 2019-20 filing in August with a November 1, 2019 effective date.

b. Any interim rate change must be set to reduce the under-recovery over the subsequent twelve-month period, rather than by the end of the existing GCR period and thus would have only minimal impact by the end of the current GCR period.

2. Pursuing an interim modification of the GCR for such little benefit would be an inefficient use of the time and resources of the Commission, Commission Staff, the Public Advocate, and Delmarva.

a. Accomplishing an interim GCR modification would require a significant amount of time and resources, including (i) preparation and filing of the necessary application by Delmarva; (ii) review by Commission Staff and its consultant; (iii) review by the Public Advocate and its consultant; and (iv) review and approval by the Commission.

b. If the Commission were to approve the interim GCR increase, placing the increase into effect would also require (i) notification of customers through separate letter and billing message; and (ii) programming of new interim rates into Delmarva's billing and accounting systems" and;

WHEREAS, Staff has reviewed the Letter Application and recommends that the Company's requested waiver be granted for the reasons set forth in the Letter Application; and

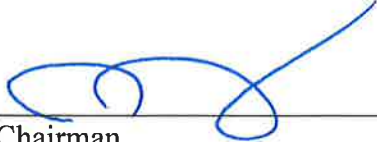
WHEREAS, having reviewed the Letter Application and having considered the proffered reasons for the requested waiver as well as Staff's recommendation regarding the requested waiver, the Commission concludes that the requested waiver should be granted for the reasons set forth in the Letter Application;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

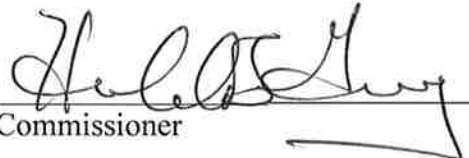
1. That Delmarva Power and Light Company's request for a waiver of the provisions of Section XX D of its tariff is **GRANTED**.

2. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.


BY ORDER OF THE COMMISSION:


Chairman


Commissioner


Commissioner


Commissioner


Commissioner

ATTEST:


Secretary

